

Baldrige National Quality Program

Why Apply?

"There is no better assessment of your organization's performance available than applying for the Award. The Criteria for Performance Excellence are unique in addressing all the critical elements of your performance system."

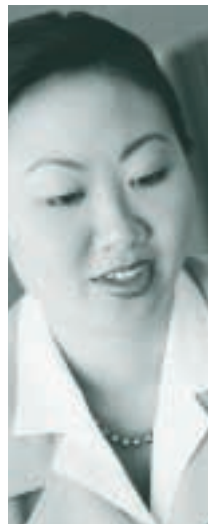
Bruce W. Woolpert

Chairperson

1996 Panel of Judges

President & CEO, Graniterock

1992 Baldrige Award Recipient - Small Business



The Malcolm Baldrige National Quality Award is presented annually to recognize U.S. organizations for performance excellence. The Baldrige National Quality Program at the National Institute of Standards and Technology (NIST) manages the Award.

NIST is a non-regulatory federal agency within the Commerce Department's Technology Administration. NIST's primary mission is to strengthen the U.S. economy and improve the quality of life by working with industry to develop and apply technology, measurements, and standards.

The American Society for Quality (ASQ) administers the Malcolm Baldrige National Quality Award under contract to NIST.

Baldrige National Quality Program

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Introduction: **Take the challenge!**

Are you facing the challenges of becoming a global organization? Reducing cost and cycle time? Managing the use of more part-time, temporary, and contract workers?

Does improvement in the value of your organization's stock, operating income, sales, return on sales, employment and asset growth interest you?

Business, education, and health care organizations can all benefit from using the Criteria for Performance Excellence. Thousands of U.S. organizations have found the Criteria to be a significant tool for improving performance on the critical factors that drive their overall success.

The Criteria provide a valuable framework for assessing and measuring performance on a composite of key indicators of organizational performance: financial, operational, and customer satisfaction.

What if becoming an Award recipient is not your immediate objective? Submitting an application still offers valuable benefits. The feedback report that every applicant receives contains both strengths and opportunities for improvement - important inputs that can help your organization improve.

It's an incredible opportunity. Why not take the challenge?



Stock Market Success

Common Stock Comparison Study Shows Correlation Between the Use of the Baldrige Criteria and Increased Stock Market Performance.

A comparison of Baldrige Award recipients to the Standard & Poor's 500 (S&P 500) shows that the 24 publicly-traded, 1988-1998 Baldrige Award recipients, as a group, outperformed the S&P 500 by approximately 3.8 to 1. The six publicly-traded, whole company Award recipients, as a group, outperformed the S&P 500 by approximately 4.8 to 1.



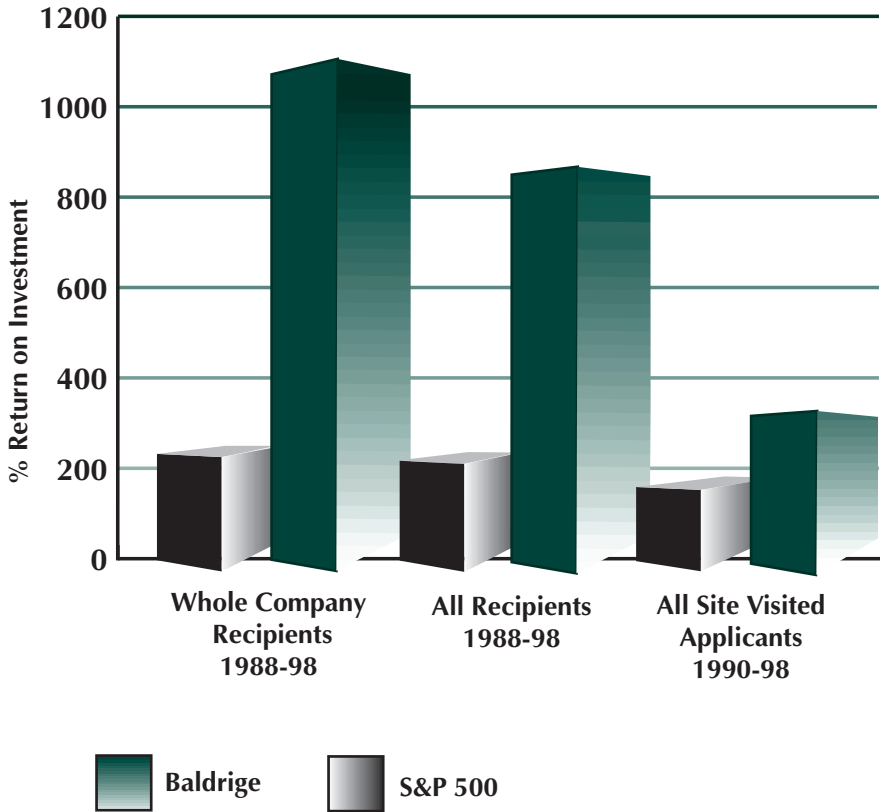
The 70 publicly-traded, 1990-1998 site visited applicants, as a group, outperformed the S&P 500 by approximately 2 to 1. The group of 14 publicly-traded, whole company site visited applicants outperformed the S&P 500 by almost 2.2 to 1.

Source: 1999 Baldrige Index Stock Study

■ The Criteria Focus on Results

The Criteria for Performance Excellence use a composite of leading and lagging indicators to help organizations enhance their performance through a focus on delivering ever-improving value to customers and improving overall organizational effectiveness.

Baldrige Recipients Outperform the S&P 500



■ Customer Satisfaction:

The Ritz-Carlton Hotel Company, L.L.C. (1992 & 1999 Baldrige Award Recipient - Service) reports that 75% of its customers would not use a competitor regardless of the offer.

Baldrige Is the Key to

Globalization:

"The Baldrige philosophies of customer focus, global partnerships, strategic planning, policy deployment, and locally empowered employees are essential elements in global operation. In fact, the Baldrige process has proven to be a most effective tool in assessing and guiding improvements in our global business model."

Bob Banks
Vice President of Quality
STMicroelectronics –
Region Americas
1999 Baldrige Award Recipient
Manufacturing

Supply Chain:

"We are using the Baldrige Criteria to further integrate our supplier chain into our up-front business processes."

Barry Nickerson
Chief Operating Officer
Marlow Industries
1991 Baldrige Award Recipient
Small Business



■ Cycle Time:

In the past two years, Lucent Technologies, Inc., Optical Networking Group has reduced new product introduction cycle time by 45% while improving on-time new product availability from 91% to 95%. (Includes what was formerly **AT&T Network Systems, Transmission Systems Business Unit**, 1992 Baldrige Award Recipient - Manufacturing)

Managing Current Issues

E-commerce:

"An e-commerce economy is causing manufacturers to redesign their business model. The Baldrige process laid the foundation for the development of our e-business strategy."

Don Wainwright
Chairman & Chief Executive Officer
Wainwright Industries, Inc.
1994 Baldrige Award Recipient
Small Business

Environment, Health, and Safety:

"Focusing on the Criteria of the Malcolm Baldrige National Quality Award process forced us to integrate environment, health, and safety into our business. The effort resulted in not only a higher quality product, but also the realization that the market rewards environment, health, and safety leadership."

Michael J. Leake
Director of Environment, Health and Safety
Raytheon
(Includes what was formerly the Texas Instruments Defense Systems & Electronics Group - 1992 Baldrige Award Recipient - Manufacturing)



■ New Product Sales:

Over the 10 years prior to applying, **3M Dental Products Division** (1997 Baldrige Award Recipient - Manufacturing) doubled global sales and market share, and from 1991 to 1996, doubled its rate of profit. In addition, products introduced between 1993-1997 accounted for 45 percent of total annual sales, up from 12 percent in 1992.

The Path to Excellence

Accelerate Improvement Efforts:

"Applying for the Baldrige Award also helped us set a pace for our quality improvement efforts that we otherwise wouldn't have maintained. It created an accountability through the Award cycles that moved us faster and moved us further than we could have done on our own."

Jeff Pope
Partner
Custom Research, Inc.
1996 Baldrige Award Recipient
Small Business



■ Employee Involvement:

Trident Precision Manufacturing, Inc. (1996 Baldrige Award Recipient - Small Business) empowers its employees to make process improvements, implementing 98% of the 5,000 suggestions it received between 1998 and 1999. In fact, 95% of the improvement at Trident comes from its own resources and people.

Focus your organization on a common set of goals:

"When we began our quality journey, we expected it to reduce customer complaints and product waste, and improve customer satisfaction. But it has done far more than that. Employing Baldrige-based criteria has enhanced our business performance by using a systematic approach that engages all our stakeholders. It has created a common language that we use across all levels of our organization. The process has unified our organization and focused our energy and enthusiasm on a common set of goals."

Jerry R. Rose
President
Sunny Fresh Foods
1999 Baldrige Award Recipient
Small Business

Improve your organization's performance:

"We aimed for the Baldrige Award to drive our business processes to world-class levels. During the years of preparation we made significant improvements in our business processes, such as strategy development and deployment and customer satisfaction systems. The clear direction set by the Criteria, their direct linkage to our business needs, along with the competition-inspired teamwork were the main reasons for these improvements."

Alan T. Eusden
Vice President and General Manager
Corning Inc.
Telecommunications Products Division
1995 Baldrige Award Recipient
Manufacturing

■ Customer Retention:

Seventy percent of **BI's** (1999 Baldrige Award Recipient - Service) top customers have been with BI for five or more years.

Ask the Award Recipients

Question:

We tried TQM years ago and it didn't work. Why should we use Baldrige?

Answer:

"The Criteria are evolving as the leaders of American organizations share their strategies and improve their understanding of the factors that drive excellence. While TQM is an approach that organizations have explored, many have gone on to improve and refine this approach. The non-prescriptiveness of the Criteria encourages organizations to demonstrate improvements and refinements to their processes as a result of organizational-level analysis and sharing."

Ko Nishimura
Chairman, President & CEO
Solelectron Corporation
1997 & 1991 Baldrige Award Recipient
Manufacturing

Question:

Our organization's results are already great. How will applying for the Award be of value to us?

Answer:

"We also had great business results when we applied, but they can always be better. That is what this process is about - continuous improvement. In today's environment if you don't keep improving you won't survive."

Dr. E. David Spong
Vice President - General Manager
Boeing Airlift and Tanker Programs
1998 Baldrige Award Recipient
Manufacturing

■ Product Reliability:

Based on the 1999 J.D. Power & Associates Vehicle Dependability Study, **Cadillac Division** (1990 Baldrige Award Recipient-Manufacturing) continues to be ranked among the top automotive nameplates in initial product quality, sales and service satisfaction, and three-year dependability.

Question:

What if we are not ready to apply?

Answer:

"No one ever thinks they are ready to apply. The truth of the matter is that you really do not know until you have gone through an application and had it scored by the Baldrige Examiners. We found that we reaped as much benefit from our first application and the feedback from it as we did from winning the Baldrige the following year."

Joel D. Marvil
Chairman and CEO
Ames Rubber Corporation
1993 Baldrige Award Recipient
Small Business

Question:

Why should a small business commit its limited resources to compete for a national award?

Answer:

"Your commitment to performance excellence should not be measured by cost but by investment. Organizations purchase equipment to improve processes and cycle time. If they would make a similar investment in their performance system, the return would be much higher, not just in production but throughout the organization. In particular, invest in your number one asset - your people. They deserve a chance at performance excellence."

Scott Weber
Director of Administration
Texas Nameplate Co., Inc.
1998 Baldrige Award Recipient
Small Business

■ Revenue Per Employee:

Globe Metallurgical Inc. (1988 Baldrige Award Recipient - Small Business) has experienced growth in revenue per employee from \$360,000 in 1990 to over \$450,000 in 1999.

Your Greatest Benefit-

The feedback report is a written assessment of an organization's strengths and opportunities for improvement based on its Baldrige Award application. It is compiled by a team of leading experts - Examiners who contribute both industry/sector and Criteria knowledge.

The report includes:

- **The Key Themes Summary**

A synthesis of the most significant cross-cutting strengths, vulnerabilities, and key results reported in the application provides a broad overview of the Examiners' analysis.

- **The Category Summary**

A synthesis of the most significant strengths and opportunities for improvement by Criteria Category helps you prioritize your improvement efforts.

- **Comments**

Actionable, detailed strengths and opportunities for improvement, specific to your organization, are provided for use in your strategic planning process.

- **Individual Scoring Range**

For each Category, you will receive a 20 percent scoring range, allowing you to determine your organization's relative strengths and opportunities for improvement.

- **Scoring Distribution**

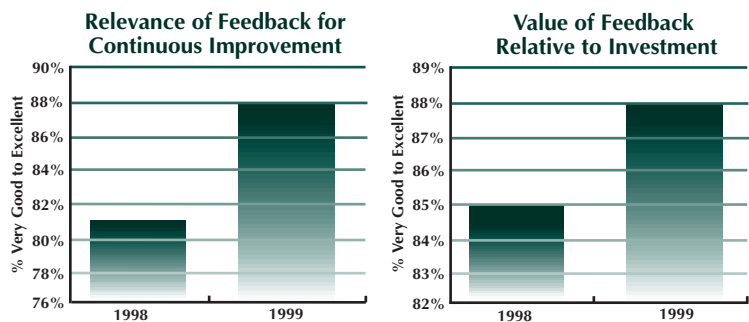
The percentage of applicants that scored in each of the eight scoring bands provides a context for your score relative to other organizations.

Once your organization is notified that it will not go on in the evaluation process, your feedback report will arrive within 45 days.

■ **Customer Satisfaction:**

Since receiving the Baldrige Award, **IBM Rochester** (1990 Baldrige Award Recipient - Manufacturing) customer satisfaction surveys show satisfaction with Rochester's AS/400 has increased by more than 10 points; additionally these surveys demonstrate a 97% customer loyalty rating.

The Feedback Report



In 1998 and 1999* surveys of Baldrige Award applicants, over 80% rated the feedback report very good to excellent in helping their continuous improvement efforts and 85% or more said the feedback was very good to excellent relative to their investment.

“We all do certain things very well. We take pride in those things and continue to improve them, but after time the improvement is only marginal. The Baldrige process forced us to focus on those things we didn't do very well or thought were previously unnecessary. The process highlighted areas that were totally untapped and caused us to evaluate them.

Because there were areas we did not focus on before, the improvement was substantial. As a result, Dana Commercial Credit was able to improve the organization across the board.”

Edward Shultz
CEO and Chairman
Dana Commercial Credit Corporation
1996 Baldrige Award Recipient
Service

■ Profit Growth:

Marlow Industries, Inc. (1991 Baldrige Award Recipient - Small Business) has achieved 50% year over year profit growth since receiving the Award.

The Journey Continues

"We embraced the criteria of the Florida Governor's Sterling Award in an effort to conduct a self-assessment and to validate the changes we had made and were considering for the future. Winning the award in 1996 was a noteworthy accomplishment, however it was only a milestone. We raised the bar in 1997 and set our sights on the Baldrige Award. While winning the Baldrige Award in 1997 was a major accomplishment, we see it as another milestone along our never ending quest for excellence."

Charles Humm
Senior Vice President
Lending Services
Merrill Lynch Credit Corporation
1997 Baldrige Award Recipient
Service

"The 'Pursuit of Excellence' process continues to evolve after beginning the journey in 1980. Over 90 'Opportunities for Improvement' were submitted per associate for 1999, providing a means by which all associates can contribute to improving the process. Milliken associates participate in over 14,000 teams each year. The Sharing Rally is another avenue by which associate involvement is created, and Milliken & Company has now held over 160 Sharing Rallies."

Craig Long
Director of Quality
Milliken & Company
1989 Baldrige Award Recipient
Manufacturing



Applying for the Baldrige Award

Award Participation

The Award eligibility categories include:

- Manufacturing businesses
- Service businesses
- Small businesses
- Education organizations
- Health care organizations

Three Awards may be given in each category each year.

Application Requirements

Each applicant needs to submit an Eligibility Determination Package to establish eligibility in one of the five Award categories.

Once eligibility has been approved, each applicant needs to submit an Application Package that consists of three parts:

- The Eligibility Determination Form showing that eligibility has been approved;

- A completed Application Form; and
- An application report consisting of a Business/Organization Overview and responses to the Criteria for Performance Excellence.

Materials

Applicants will need the following materials:

- Criteria for Performance Excellence for the appropriate category: Business, Education, or Health Care
- Application Forms and Instructions

Individual copies of these materials are available free of charge from the Baldrige National Quality Program (BNQP) and are also available online.

If you have questions about the Award Process, call BNQP to speak to a program specialist.

Baldrige National Quality Program

Phone: 301-975-2036 • Fax 301-948-3716

E-mail: nqp@nist.gov • Web address: <http://www.quality.nist.gov>

Award Process: Key Dates

Criteria for Performance Excellence Available: .. *December–January*

Application Forms and Instructions Available: *January*

Eligibility Forms Due: *April*

Award Applications Due:..... *May–June*



Apply Now!

"In the Baldrige process, there are winners and there are learners."

Kathleen Herald-Marlowe
Chairperson
1999 - 2000 Panel of Judges
Manager, Quality
Exxon Research & Engineering

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